

Land 'Value' Soars \$60,000 In 24 Hours

Green Tree Manor Site 'Write-Up' Revealed By \$40,000, \$100,000 Deeds Made Same Day

By C. J. Apr. 14, 1939

Green Tree Manor, the multi-unit apartment development on Frankfort Ave. just outside city limits, was built on 25.4567 acres of land whose "value" soared in twenty-four hours from about \$40,000 to about \$100,000 on July 31, 1937.

This increment in value was revealed from Court House records Thursday in an inquiry resulting from a Washington dispatch asserting that such land value "write-ups" would be impossible under an amendment to the Federal Housing Administration's extension bill, just approved by the House of Representatives.

Provisions of Amendment.

This amendment, yet to be approved by the Senate, provides:

"In estimating the value of the property or project for determining the amount of the insurance eligible under this section, the administrator shall determine the value of the property as of the date of application for insurance, and in no case shall he estimate the value of the project or property for insurance to be in excess of the value of the property at such time, plus the value of the proposed improvements thereon."

Simultaneously, it was revealed from Washington that the F.H.A. accepted the land on which Green Tree Manor was built at a valuation of \$100,000, which, together with the value of projected improvements, was made the basis of a \$1,000,000 loan by the New York Life Insurance Company, dated August 2, 1937.

Changed Twice In One Day

Prior to this loan, on July 31, 1937, deed books at the Court House show that the Green Tree Manor site changed hands twice on the same day.

In one deed, bearing \$40 in United States revenue stamps and thereby indicating a purchase price of about \$40,000, the property was sold by John C. and Elizabeth L. Fenley to the "Wal-

ter Butler Building Co., a Delaware corporation."

On the same date, the Walter Butler Building Co. sold the property to the Kentucky Development Corporation, another Delaware-chartered outfit, the deed bearing \$100 in revenue stamps and thus indicating a "sales price" of approximately \$100,000.

\$1,000,000 Loan Insured.

Subsequent to this deal, the F.H.A. insured the \$1,000,000 New York Life loan, made by the Kentucky Development Corporation, Washington records disclosing that the aggregate value of the completed development was accepted by F.H.A. as \$1,397,000.

Simultaneously with these de-

velopments Thursday, it was revealed that the Louisville Real Estate Board protested vigorously against the Green Tree Manor deal on December 21, 1937, in a letter sent to the White House, to both Kentucky Senators and numerous other highly placed officials.

Members of the board said that nothing ever came of this protest except a letter from James Roosevelt, son and at that time confidential secretary to the President, saying that he would call the matter to the attention of his father.

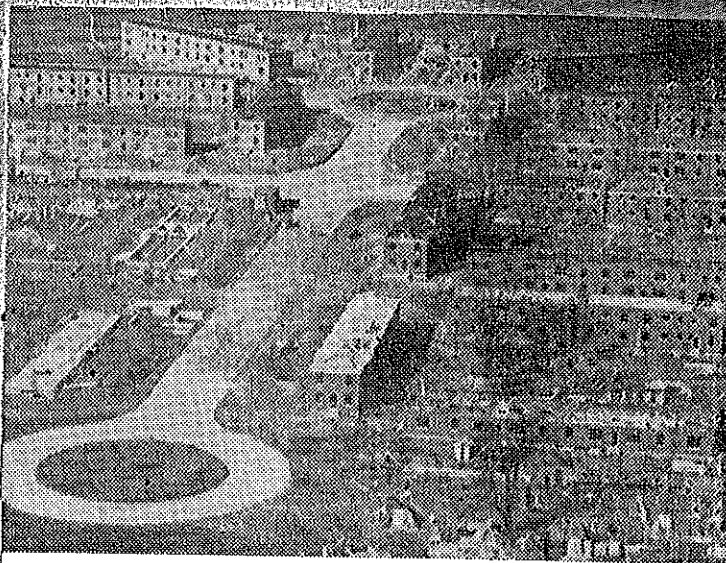
Top Value \$752,285.

In this formal complaint, the local real estate board asserted that the total overall value of the completed project "could not possibly" exceed \$752,285, including land, against the \$1,397,000 valuation accepted by F.H.A.

At that time, too, the real estate board called attention to the "write-up" in land valuation, and asserted that the actual purchase price paid to the Fenleys was \$39,685.

The real estate board also asserted in its letter that the Walter Butler Construction Co. was a St. Paul, Minn., concern and that the Kentucky Development Corporation was "organized and controlled by the Butlers."

This letter asserted that "nothing that ever happened in the twenties approached in boldness, or unsoundness, the financing of this project."



—(C.-J. Photo.

Green Tree Manor, shown from the air, was built on acreage whose "value" increased \$60,000 in a day.

Valuation Difference Plain.

Importance of the differing valuations on the completed Green Tree Manor—\$752,285 by the local real estate board and \$1,397,000 by the F.H.A.—become plain in a study of the \$1,000,000 mortgage agreement entered into by the Kentucky Development Corporation and New York Life, a mortgage insured by F.H.A.

This mortgage, also on file at the Court House, requires the payment quarterly of interest at 4½ per cent, and principal repayments in quarterly installments of \$3,750—or \$15,000 annually—beginning November 2, 1938, and continuing through May 2, 1962.

This arrangement would leave a final payment of \$643,750 due August 2, 1962, at which time the project would be nearly a quarter-century old.

Green Tree Manor Protest Is Studied

By The Staff, April 14, 1939
Protest by the Louisville Real Estate Board that the Federal Housing Administration insured a \$1,000,000 loan on Green Tree Manor Apartments, near St. Matthews, when the total value is "not over \$753,000" was studied by officials Friday.

The board revealed that it protested in December, 1937, to the White House and received no action. Members said the Kentucky Development Corporation was organized and controlled by the Walter Butler Corporation, St. Paul, Minn., and the latter bought the ground for Green Tree Manor for less than \$40,000 and set the valuation up to \$100,000 in a transfer to the Kentucky Development Corporation. F.H.A. accepted the completed development as worth \$1,397,000.

Green Tree Loan Handled At Washington

Dalton Says His Office Had No Part In Deal

C. A. 18 FEB 1939

Louisville offices of the F.H.A. had "no part" in the Green Tree Manor development, which has been shown to have involved a "write-up" of \$60,000 in land values within a single day, Judge Roscoe R. Dalton, State F.H.A. director, said Monday.

"The Louisville F.H.A. office," he said, "had no part in the appraisal, construction or inspection of Green Tree Manor Apartments. The deal was handled by the rental housing division which works out of Washington and handles all loans for housing of more than four-family units."

\$1,000,000 Loan Made.

A loan of \$1,000,000 was made to Green Tree Manor prior to construction by the New York Life Insurance Company, the mortgage being guaranteed by F.H.A.

The loan was obtained by the Kentucky Development Corporation, which bought the acreage for about \$100,000 from one of its affiliates, the Walter Butler Building Company, which had previously bought it for about \$40,000. Both are St. Paul, Minn., companies.

The Walter Butler, whose name the building company bears, is a nephew of Justice Pierce Butler of the United States Supreme Court. His father, a brother of the Justice, died in 1933.

The Partner Takes The Risk

Apr. 15, 1937

If the Real Estate Board is correct in its calculations that the overall investment in Green Tree Manor is \$750,000, an eighty per cent mortgage loan would have amounted to \$600,000. But the New York Life Insurance Company loaned \$1,000,000 on the venture, which on the basis of the board's reckoning is a third more than the investment and put \$250,000 in profits in pockets of the promoters before they as much as rented an apartment.

If this were a private transaction, it would have no more public interest than another flyer in frenzied finance. But it becomes the public's business through the fact that the loan is guaranteed by the Federal Housing Administration. And if City Assessor JOHN KESSELRING got a fee out of the deal it has about as much privacy as the nymphs in SALLY RAND's ranch.

The section of the housing law under which these apartments were built was inspired by the hope that it would tempt timid capital to invest, to multiply employment and help set the building industry going. Is it a case of food set out for the canary gobbled up by the cat?

Private capital lost its timidity indeed, in the transaction, but the risk is all assumed by public credit. It is fair to wonder whether the insurance company would have been more conservative or conscientious in its appraisals and loans had it been risking its own money. Did the willing partnership of the public treasury induce a let-down in prudence, if nothing worse? With dollars begging to be put to work, did the lender become lavish because the waste falls on someone else? Are the only terms on which capital can be tempted out of hiding inordinate profits without risk?

The whole affair merits investigation to determine whether public credit has been abused through misrepresentation of assets.

The Writeup Unexplained

Apr. 20, 1937

The defense of the soundness of Green Tree Manor financing by STEWART McDONALD, housing administrator, is notable for omissions. Mr. McDONALD blandly asserts that the land in its developed condition is worth \$100,000, which represents a \$60,000 writeup in twenty-four hours.

That is, the promoters and the F.H.A. hope that the developed land is worth that much. It is part of the speculative risk in the venture and feverish land speculation should not be entitled to F.H.A. insurance.

Mr. McDONALD doesn't undertake to tell what increased land value so immediately. The value of a piece of ground is put there by the community around it. That didn't change overnight. It may be argued by defenders of the project that the new use to which the land was put enhanced its value. If that is sound, these projects could be put up in the middle of truck farms, miles from the city.

The contention that the insured mortgage represents only 71.6 per cent of the appraisal is begging the question. Appraisers more familiar with Louisville real estate than the New York Life's or the F.H.A.'s contend that the mortgage amounts to 133 per cent of the true value.

The strong evidence that there were other writeups in the projects is ignored by Mr. McDONALD. He is naive indeed if he thinks that the sponsors must "defer their profits." If the project was watered to begin with, the difference between actual and estimated costs, is profit in the bag before a single rent is collected.

THINKS THE STORY IS UNFINISHED.

Apr. 21, 1937

The Courier-Journal. It would appear to the writer that your front page story of April 14 concerning the Greentree Manor property is an unfinished story.

It is apparent that the facts disclosed in your article were common knowledge to the Louisville Real Estate Board and to other business men as long ago as December, 1937. If that board's estimate of the total over-all value of \$752,285 is correct, this proposition was an unsound promotion. These figures differ so largely from the value of \$1,397,000 accepted by the F.H.A. as the basis of a \$1,000,000 insured loan, is it not possible that someone got out of the deal much more than its cost?

Full publicity is given to the facts where new securities are offered to the public. Isn't it just as important that full publicity be given to the promoters of this enterprise where public money is provided to insure the mortgage value of \$1,000,000 guaranteed by the F.H.A.?

It seems to this writer that The Courier-Journal has full power to demand an investigation from the proper authorities in connection with this development and that the public is entitled to the facts, including the names of the promoters and the amounts contributed or received by them. Also, the public is entitled to know whether the contractors were interested in the development beyond their contractor bid, and whether or not the construction was let on

the basis of competitive bids.

Since taxpayers' money made this situation possible, it would seem that a finished story should be given to the public.

WILLIAM JEKEL.

Louisville.

F.H.A. Defends Green Tree Manor Deal

**Says Editorials Based
On Misunderstanding**

C. J. 26 Apr. 1939.

The Courier-Journal Washington Bureau.
Washington, April 25.—Asserting that the Government is fully protected in the Green Tree Manor housing project, Stewart McDonald, Housing Administrator, issued a statement today, taking issue with editorials in The Courier-Journal with respect to that project and stating that the Government's part in the enterprise had been subject to misunderstanding.

Mr. McDonald denied that the Government is "holding the bag" on this or other low-cost housing undertakings under F.H.A.

Two Editorials Mentioned.

His statement follows:

"I have noted two editorials in the Louisville Courier-Journal, one dated April 18, headed 'Let's Have the Facts,' and the other dated April 23, entitled 'Another Billion.' Both appear to me to be based upon a misunderstanding on the part of the writer.

"The F.H.A. is entirely willing that you should have the facts concerning the Green Tree Manor project or any other project on which a mortgage has been insured.

"The Green Tree Manor project was sponsored by the J. Walter Butler Company. The Federal Housing Administration placed a valuation on the project of \$1,397,000. The mortgage, amounting to \$1,000,000, was assumed by the New York Life Insurance Company. The mortgage, therefore, represented 71.6 per cent of the valuation. The land in its developed condition was valued at \$100,000. The sponsor's investment over and above the land valuation was \$297,000. Simple arithmetic will demonstrate that if the land had been valued at zero the amount of the mortgage would still have been within the 80 per cent limitation imposed by the law.

Appraisers Competent.

"The Courier-Journal quotes a real estate man who places a lower estimate on the construction cost of Green Tree Manor than that made by the Federal

Housing Administration. The F.H.A. has competent construction experts and appraisers, and believes their estimates are reasonably accurate. The New York Life Insurance Company made an independent appraisal which checked with that made by the Federal Housing Administration.

"Green Tree Manor, it should be understood, is operated by a limited dividend corporation, under Government regulations.

"The land, it must be emphasized, was acquired by the limited dividend corporation for a stock payment. No cash changed hands in connection with this land transaction, and any profit accruing therefrom must be deferred until all of the conditions of the insurance contracts have been fulfilled.

"Any returns on the land stock, as well as the other stock in the corporation are, under F.H.A. regulations, strictly limited by the Administration. In order further to add to the safety of the loan, the Administration has required that, before even these limited returns are obtainable, reserves must be set aside for repairs and replacements, for working capital, and for one-half year's mortgage payments. Any amounts earned above these reserves and the authorized dividends must be paid to the mortgagee as additional amortization. In this way, effective machinery is provided to prevent the project from being 'milked' during the period that the insurance is in force and to assure at all times the prior position of the mortgage indebtedness.

Difference Illustrated.

"It should, therefore, be evident that the sponsors must not only limit and defer their profits, but must risk, first the loss of return on their investment, then the loss of their investment in land, improvements, cash and services if the project proves to be unsuccessful.

"The Administration has a further protection in its ability, in case of monetary default or breach of regulations, immediately to assume full control of the corporation and its assets.

"The Green Tree Manor project illustrates many of the radical differences between mortgage financing under the F.H.A. limited dividend plan and the old and now thoroughly discredited type of mortgage lending. Mortgages usually were granted for three, five or ten years, and the lender had no control whatsoever over the property. Commonly it was loaded down with second and third mortgages, frequently peddled to the public in the form

of 'gilt-edged' bonds. Generally the practice was to 'build them and bleed them.' Instead of a period of three or five years during which the sponsors can manipulate the property to their own immediate advantage, they must under the F.H.A. plan, adhere from the outset to the most rigid regulation.

Not Holding the Bag.

"In brief, the Government is not 'holding the bag' on these or any other projects on which the F.H.A. has insured mortgages. Not a nickel has been lost and not a nickel is likely to be lost. In not one of these rental housing cases is any part of the land value covered by the mortgage loan; the land is a part of the equity capital

for which the Government assumes no liability whatsoever. No matter what the value of the land is estimated to be, the Government does not stand to lose by virtue of the valuation thereon.

"Thousands of skilled mechanics and common laborers have been put to work at good wages by the F.H.A. large-scale rental housing program. Other thousands have been given employment due to stimulation provided by these projects to the material and equipment producers. And finally, many thousands of families have been provided with better living quarters, similar to Green Tree Manor, at lower rentals than they would otherwise have to pay.

"We think this record speaks for itself."

Green Tree Manor Defense

STEWART McDONALD, Federal Housing Administrator, has taken issue with the editorial position of THE COURIER-JOURNAL regarding the Green Tree Manor deal, and regarding F.H.A.-guaranteed mortgages in general. But while he denies—and attempts to defend—he does not utter a syllable to explain the curious “write-up” from \$40,000 to \$100,000 in the “value” of Green Tree Manor acreage.

Mr. McDONALD speaks throughout of “valuations,” and shuns the more precise term, “values.” And this newspaper feels that it is on distinctly tenable ground when it continues to insist that “value,” as measured by actual dollars-and-cents investment, is and ought to be the only defensible basis for using public money to guarantee a building loan.

Mr. McDONALD says that the \$1,000,000 loan guaranteed by the Government on Green Tree Manor represents only 71.6 per cent of the allowed “valuation” of the completed project. It is admitted that the \$100,000 land valuation is a part of an overall “valuation” of \$1,397,000.

It has been amply proved that \$100,000 for land represented an artificial increment of 150 per cent over actual cost. Subtract the \$60,000 increment from \$1,397,000 and the million-dollar loan then represents 74 per cent—instead of 71.6 per cent—of the remaining “valuation.”

But suppose similar inflation occurred in other cost details. The Louisville Real Estate Board has stated—and it is certainly familiar with local construction costs—that roads and walkways at Green Tree Manor were “valued” by F.H.A. at \$61,000, and they “could not have cost over \$20,000.” So there is another “artificial write-up” of 200 per cent, or \$41,000.

Suppose, finally, that a searching inquiry should show, eventually, that the Real Estate Board, with its overall estimate of \$752,285 as the actual cost of Green Tree Manor, is right, or even approximately right.

If that should be proven true, the million-dollar loan would then represent 133 per cent of actual value, as opposed to 71.6 per cent on F.H.A. “valuation.”

Mr. McDONALD describes in some detail, and with accuracy, the theoretical safeguards which the Government places around guaranteed loans. But he neglects to say how the Government is protected when valuations upon which loans are based undergo inflation.

The nub of the Green Tree Manor deal

—and of other similar deals in other cities—is the question of how much cash was actually invested; not what “valuation” the F.H.A. was induced to place, or placed voluntarily, upon the project.

If Green Tree Manor was not worth, as the Real Estate Board insists, more than \$752,285 to begin with, THE COURIER-JOURNAL must persist in its fear that the taxpayers of the United States are going to be “holding the bag” for \$643,750 of that million-dollar loan, which becomes due and payable August 2, 1962.

At that time, Green Tree Manor will be twenty-four years old.

THE GREEN TREE MANOR PROJECT

To the Editor of The Courier-Journal.
Housing Director McDonald's answer to the Louisville Real Estate Board's complaint that the Government is “holding the bag” by having insured a \$1,000,000 loan on Green Tree Manor is inconclusive.

Mr. McDonald made a general denial and in his reply directed attention to two Courier-Journal editorials, both of which, he said, “appear to be based on a misunderstanding on the part of the writer.”

If a misunderstanding exists, it appears Mr. McDonald has misunderstood the charges and the question regarding an allegedly inflated valuation accepted by F.H.A., which he heads in Washington.

The question raised by the editorials and the Real Estate Board is, “How much did it cost the St. Paul, Minn., outfit to buy the ground and build Green Tree Manor Apartments?” The board claims top value for the project is \$752,285, and records on file here show that only \$40,000 was paid for the ground, accepted by F.H.A. as worth \$100,000.

Mr. McDonald made no attempt to justify a valuation of \$1,397,000 as accepted by F.H.A. He fixes the investment “over and above the land at \$297,000.” And adds “by simple arithmetic” it is demonstrated the insured mortgage “was within 80 per cent of limitation imposed by law.”

Apparently it did not dawn on Mr. McDonald that the appraisal was boosted for the specific purpose of boosting the limit that could be borrowed. Taking the \$297,000 figure, which he said the sponsor invested in addition to the price of the land, it appears from the

housing director's answer that for \$337,000 the company got a \$1,000,000 loan backed by the Government. That is, “simple arithmetic” as quoted from his answer.

The remainder of the director's reply was an explanation of F.H.A. literature distributed everywhere except one thing he said: “The F.H.A. is willing that you should have the facts.” As your editorial stated, “Let's have the facts”; now let's have them from the books of F.H.A.—how much the land cost, how much to build and the total spent on the project for actual construction.

Ho HUM HARRY,
Louisville.

Green Tree Manor To Have Its Own Voting Precinct

C.S. May 25 1939.
An increase of voters living in the West Gilman precinct as the result of construction of Green Tree Manor on Frankfort Ave., resulted in County Judge Mark Beauchamp dividing the precinct Wednesday so residents of the manor can have their own voting place.

Immediately, County Clerk M. O. Porter ordered two deputies stationed at the office of the manager of the manor from 7 a.m. to 8 p.m. Thursday and Friday so old voters in the precinct can reregister and new voters can register.

Deputy Clerk Jack Bauer pointed out that the original West Gilman precinct, bounded by Chenoweth Lane, city limits, Shelbyville Rd. and Brownsboro Rd., had about 400 registered voters, of which only about thirty lived on property now occupied by the manor.

"The manor now has 265 families and we don't know how many voters," he said.

The boundary of the new Green Tree Manor precinct is, the west line of the Masonic Widows and Orphans Home, city limits, Shelbyville Rd. and Brownsboro Rd.

Suit Seeks Green Tree Foreclosure

Creditor Claims Owner Missed 1941 Payment

C-J - F.T. - 4
Sale of Green Tree Manor Apartments on Frankfort Avenue, to satisfy a \$1,000,000 note and mortgage held by the New York Life Insurance Company is sought in a foreclosure suit filed Thursday in Circuit Court.

Failure of the Kentucky Development Corporation, owner of the apartments, to meet a quarterly payment totaling \$15,985.70 which became due February 2 was taken as a "breach of promise," according to the suit, and the insurance company declared the entire indebtedness of \$993,485.15 due.

The suit was prepared by the law firm of Bruce & Bullitt.

Receiver Is Asked.

Besides sale of the property, the suit asks the court to appoint a receiver to manage and operate the apartments and requests that the mortgage be considered a prior lien on the twenty-five buildings which constitute the manor.

It is stated that the insurance company lent \$1,000,000 to the corporation August 2, 1937 and accepted the note and mortgage on the property.

The Kentucky Development Corporation met quarterly payments of interest and made payments on insurance during 1940 but failed to make any of the \$3,750 quarterly payments on principal, the suit said.

1940 Payments Waived.

The insurance company, it continued, agreed to waive the payments on principal due during 1940 until maturity of the loan, but decided to foreclose on the property when the payments due February 2 weren't made.

The defaulted February 2 payment was composed of \$3,750 on the principal; \$11,039.06 for interest and \$1,196.64 for insurance of the loan by the Federal Housing Administration.

Dehydration Begins

Financial difficulties of Greentree Manor as revealed by the New York Life Insurance Company's foreclosure suit can hardly have surprised anyone who followed the disclosure of its fiscal setup two years ago.

Its unsoundness, first pointed out by the Real Estate Board, included a one-day land writeup of \$60,000. Just how much more of its value was watered is a matter of debate but if the mortgagee wins the suit \$400,000 will be squeezed out by that operation.

In other words, the insurance company will have to get a return on only \$813,000, compared to stated investment of \$1,397,000 by the owner, the Kentucky Development Corporation. The fact that its troubles came to a head during an advancing market, when rents generally are getting higher and vacancies fewer emphasized the unsoundness of its setup.

Public interest in Greentree Manor derives from the Federal Housing Administration's insuring of the New York Life's loan. If the insurance company, which will probably become operator of the property ultimately loses, the deficiency will be met by the F.H.A.

Defending the transaction against criticism STEWART H. McDONALD of F.H.A. voiced the prophecy: "Not a nickel has been lost and not a nickel is likely to be lost." Taxpayers hope he will be proved right, but the verdict will not be known until 1962 when \$643,000 of the bonds fall due. And that is about the amount which the Real Estate Board says represents water.

F.H.A. Denies Army To Use Green Tree

Property May Go to F.H.A.

Ch. Mar. 9 - 1941
A widespread report that Green Tree Manor tenants would be dispossessed to provide housing for

Bowman Field troops was dispelled Saturday by an official statement from Washington.

The report was denied categorically by Clyde Powell, Assistant Administrator of the Federal Housing Administration.

Presented By Dosker.

"It is not our policy to dispossess tenants and we have no intention of asking them to leave for Army personnel," Mr. Powell said.

The suggestion that the Army take over the building housing 260 families was taken to Washington last week by Municipal Housing Administrator Nicholas H. Dosker at the request of William J. Netherton, president of the Louisville Real Estate Board, it was learned Saturday.

Furthermore, it was learned that the Louisville Railway Company had been interviewed about starting a bus service between the field and the big housing development.

Certain of Policy.

But in Washington Saturday, Mr. Powell said:

"Anyone can make a suggestion. The apartments are now in process of foreclosure and when that is finished they probably will revert to F.H.A. In that event we would have no intention of dispossessing the tenants. I am speaking for myself—and I know the policy so well that I'm certain we would not dispossess them."

The New York Life Insurance Company filed in February a foreclosure suit against the apartments to satisfy a \$1,000,000 mortgage insured by the F.H.A. Estimates have been made that it will take sixty to ninety days to settle the suit and, as expected, F.H.A. will take title shortly thereafter.

"Of course, if the Army wanted to buy the building and use it for troops, why it could do it, but that has not even been suggested or intimated," Mr. Powell said.

Mr. Dosker said he was only a messenger in the affair. He took the letter containing the suggestion to C. F. Palmer, emergency housing co-ordinator, who told the Associated Press that he did not remember the letter.

"Mr. Palmer would have nothing to do with the matter," Mr. Powell told The Courier-Journal Saturday, "and if the letter was sent here it has never reached my office. These places were built for long-time rentals to individuals, and we do not plan to depart from that practice."

Funds Allocated.

Those close to the Louisville housing situation said there will be no need for 260 apartments to house the personnel at the air base. Mr. Palmer has allocated funds to build 100 housing units for families of married soldiers, and this plan has never been changed. The houses are likely to be built in the next few months.

The air base is not likely to receive full personnel for months and recruits will be trained here before the full air corps personnel is sent here. Both unmarried officers and men are now living in barracks provided for them at the field.

Reaction Is Varied.

Dispossession of Green Tree Manor tenants, one man close to the situation said, would throw the housing situation into a mess instead of solving the problem.

When reports that the Government might take over the apartments first reached tenants, varied reactions developed. Some, whose leases expire early in the spring, expressed anxiety about finding new quarters. Others, with small children, already were looking for houses and "more space."

Families of a number of Army officers stationed at Fort Knox already live at Green Tree. Several housewives heard the report while they were unpacking furnishings to set up housekeeping there for the first time. These, with a year's lease to go, were undisturbed and went right on unpacking.

Green Tree Army Home Plan Talked

Manor Conversion for
Housing Project Is

City Proposal.

by Times Staff, May 1941
A plan to convert Green Tree Manor Apartments into a housing project for families of married enlisted men at Bowman Field air base was under consideration today by

F.H.A. authorities in Washington, it was learned here.

The group of Frankfort Ave. buildings, containing 260 apartments, was suggested by William J. Netherton, Louisville Real Estate Board president, as a logical solution to the housing shortage expected to result when the airport personnel arrives this spring.

MAYOR APPROVES.

After the New York Life Insurance Company filed a foreclosure suit in Circuit Court here to satisfy a \$1,000,000 mortgage, insured by the F.H.A., Mr. Netherton made the suggestion to Mayor Scholtz, who was understood to have given his approval.

The plan was outlined in a letter taken to Washington last week by Nicholas H. Dosker, municipal housing chairman, and turned over to C. F. Palmer, Federal housing co-ordinator.

As the Government may soon take title to the property and building of 100 separate housing units has been suggested for the Army here, Mr. Netherton's proposal is that Green Tree Manor be converted.

WOULD BE VACATED.

The letter was said today to be in the hands of E. S. Draper, assistant F.H.A. administrator, awaiting action. In the event the plan goes through, officials said the present tenants will be asked to move and the F.H.A. will take charge.

Reports were that if the apartments are converted for use of the Army the Government will seek direct bus service to the Bowman Field base.

The foreclosure suit by the New York Life is pending and observers said it probably will be settled within ninety days and shortly thereafter title would be taken by the F.H.A.

Green Tree Realtors Urge

Army to Use

Say U. S. Will Own It
In 90 Days Anyway
by Times Staff, May 15, 1941

The Louisville Real Estate Board urged Friday that the Federal Government quarter Bowman Field non-commissioned of-

icers in Green Tree Manor Apartments instead of erecting new housing units.

William J. Netherton, board president, suggested that private families who would lose their apartments in Green Tree Manor would be able to find dwelling places in new private construction projects.

At the same time the Real Estate Board's service bureau announced once more that it has 1,200 available rooms in middle and better class homes awaiting tenants at rates ranging from \$3 to \$10 weekly.

Foreclosure Expected.

On behalf of the board Mr. Netherton addressed a letter to C. F. Palmer, defense house co-ordinator, outlining the plan for utilizing the Green Tree Manor properties. He said the plant is expected to become Government property through foreclosure within ninety days. Foreclosure proceedings on \$1,000,000 guaranteed by F.H.A. are pending.

The buildings in the Green Tree properties contain 265 apartments. Mr. Netherton said he believed it would be more practical to take over some of these instead of following the already announced defense plan for building 100 housing units near Bowman Field for the non-coms' families.

125 Houses Under Construction.

Referring to private building projects which might provide housing for the present tenants, he said that F.H.A. issued 269 new commitments in January and February; that 131 new electric services were installed in February and building and loan associations report 125 houses are under construction or have been completed since January 1.

A development partnership announced Thursday that a subdivision of 160 houses in the moderate price range will be opened at St. Matthews as soon as some of the houses can be built.

Green Tree Manor Sale May 19 Is Set

Low Times Staff, May 11, 1941
Rendering a judgment for the New York Life Insurance Company in its \$1,000,000 mortgage foreclosure suit against the Green Tree Manor Apartments, Frankfort and Fenley, Circuit Judge Humphrey today ordered sale of

the property May 19.

The judgment provided that the insurance company has the privilege of becoming the purchaser. The mortgage is guaranteed by the Federal Housing Administration which, it is indicated, will take possession of the apartments after foreclosure proceedings.

F. H. A. to Pay More Than Million for Green Tree Manor

Hennessy named operating manager, position sought by eighteen realtors

By SOL SCHULMAN

C-3-229-17-41
TITLE to Green Tree manor, a group of Frankfort Avenue apartment houses costing, according to its promoters, \$2,500,000, will be given to the Federal Housing Administration in about ten days by the New York Life Insurance Company, which foreclosed on a \$1,000,000 mortgage insured by the Housing Administration.

The Housing Administration will pay the New York Life Insurance Company \$1,017,535.26, which includes interest and \$415.48 in court costs. When foreclosure proceedings were begun the amount owed the New York Life Insurance Company was \$993,485.15.

John M. Hennessy, owner of Moellmann & Hennessy, real estate and insurance firm, has been appointed operating manager of Green Tree Manor by the Housing Administration; the appointment to become effective as soon as the Housing Administration acquires the property. Mr. Hennessy plans to keep Harry L. Baty as resident manager. The Hennessy appointment followed an invitation by the Housing Administration for

members of the Louisville Real Estate Board to bid for the job. Seventeen realtors besides Mr. Hennessy submitted bids.

The Manor, covering twenty-six and a half acres and containing 265 apartments and five commercial units, was built in 1937 by the Kentucky Development Corporation, a Delaware corporation sponsored by the J. Walter Butler Building Company of St. Paul, Minn.

Built In 1937

Title to the Manor went to the New York Life Insurance Company last May and the insurance company tendered it to the Housing Administration in July.

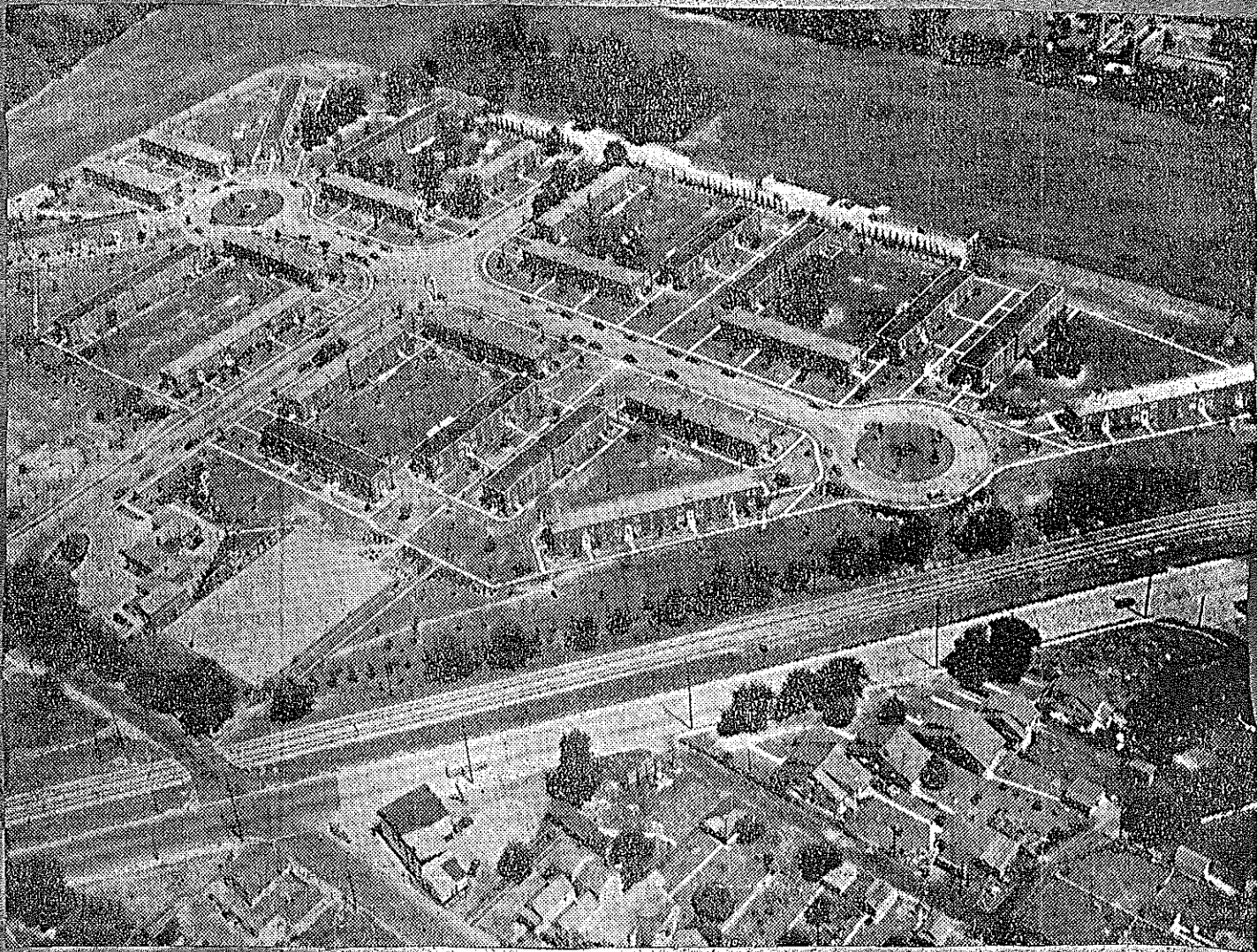
At the foreclosure sale, where the New York Life Insurance Company obtained the Manor on a \$373,335 bid, court appraisers valued the property at \$500,000.

Louisville offices of the Housing Administration had no part in development of the Manor, the \$1,000,000 F.H.A.-insured mortgage on the project having been arranged in Washington with the land appraised by F.H.A. and New York Life Insurance Company appraisers at \$100,000.

Overnight "Write-Up"

This land was bought by the St. Paul firm July 30, 1937, for \$40,000 and resold the next day to its affiliate for \$100,000, an overnight "write-up" which caused the Louisville Real Estate Board to protest to President Roosevelt, Kentucky's United States Senators and other high Government officials.

After Louisville became such an outstanding boom town and prospects for the Manor's success improved, some men connected with the Kentucky Development Corporation tried to regain the Manor with new capital, but were turned down.



C.-J. air photo by Charles Jarneal from Louisville Flying Service plane piloted by C. W. Johnson

Built in 1937 at a reported cost of \$2,500,000, Green Tree Manor covers twenty-six and a half acres. It contains 265 apartments, a grocery, a tavern, beauty parlor, a vacant store and a manager's office.

Green Tree Has 3 Landlords In 3 Days

C.J. Oct. 3, 1941
By SOL SCHULMAN.

Courier-Journal Real Estate Editor.

Green Tree Manor, land for which was bought four years ago for \$40,000 and sold the next day for \$100,000, is having some more quick-changing experiences.

Tuesday residents of the manor had as their landlord the New York Life Insurance Company; Wednesday the landlord was the Federal Housing Administration; Thursday it was Green Tree Manor, Incorporated, a new Delaware corporation which was enabled to buy the manor by obtaining a twenty-eight-year, \$1,000,000 F.H.A.-insured 4 per cent loan from the National Life Insurance Company of Montpelier, Vt.

Gets Nothing In Cash.

When the New York Life Insurance Company transferred the manor to the F.H.A. Wednesday, it received nothing in cash. Payment was in \$971,773.83 worth of Mutual Mortgage Insurance Fund long-term bonds—bonds which may run as long as thirty years.

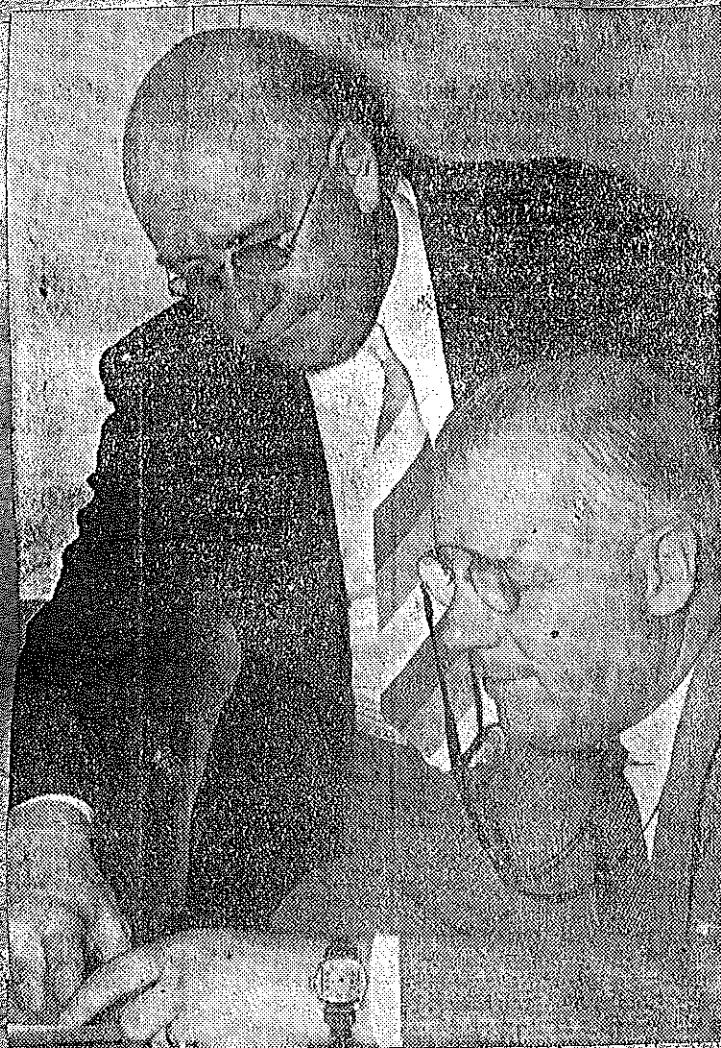
These bonds were payment of insurance on another \$1,000,000, F.H.A.-insured loan which another Delaware corporation, the Kentucky Development Corporation, promoters of the manor, obtained from the New York Life Insurance Company in 1937.

The Kentucky Development Corporation was sponsored by the J. Walter Butler Building Company, St. Paul, Minn., which built the manor. None of the incorporators of the development or building firms were Kentuckians.

Refused to Do Business.

Whether incorporators of the new Delaware corporation include any of the old is unknown to Louisville F.H.A. officials, all current arrangements, as in the original case, having been handled in Washington.

But if some of the old owners



C.-J. photo by Art Abtler.

Harry L. Baty, resident manager, standing, confers with John M. Hennessy, the new operating manager.

Risk Firm Gets Title to Manor

\$2,500,000 Project Is

Sold At \$373,335.

Low Times May 19, 1941
Title to Green Tree Manor Apartments, Frankfort and Fenley, was taken by the New York Life Insurance Company for \$373,335 today when the \$2,500,000 privately owned housing project was sold at the Court House

door.

Only bidder on the twenty-six and one-half-acre project with its twenty-five buildings and 265 dwelling units was Attorney Leo T. Wolford, Mayflower Apartments, representing the insurance firm, holder of a \$1,014,888.76 mortgage insured by the Federal Housing Administration.

The bid by Mr. Wolford to Commissioner Charles T. Ray was \$2.54 more than the legal requirement of two-thirds of the value of \$500,000 placed on the property by Circuit Court appraisers. The apartments were built in 1937 after a \$60,000 overnight "write-up of land value,

are connected with the new company, an about-face on the part of Washington F.H.A. officials is indicated. After Louisville became an outstanding boom town and prospects for the manor's success improved, some men connected with the old company tried to regain the manor with new capital, but the F.H.A. and the New York Life Insurance Company refused to do business with them.

Roess Vice President.

Officers of the Kentucky Development Corporation who signed the old F.H.A.-insured mortgage recorded here were John J. Courtney, president, and Robert Butler, secretary. Officers of Green Tree Manor, Incorporated, who signed the new mortgage are Martin J. Roess, Jr., vice president, and J. E. Stowe, secretary.

When the J. Walter Butler Building Company bought the land in 1937 for \$40,000 and sold it the next day for \$100,000 to the Kentucky Development Corporation, the development company said the value of land and buildings together would be \$2,500,000. The manor covers twenty-six and a half acres and contains 265 apartments and five commercial units.

New Concern Gets Green Tree Manor

A new firm, Green Tree Manor, Inc., today owns Green Tree Manor, apartment project at Frankfort and Fenley, through a twenty-eight-year \$1,000,000 Federal Housing Administration-insured loan from the National Life Insurance Co., Montpelier, Vt. *Low Times Oct 3, 1941*

The new Delaware-incorporated firm obtained the property from the F.H.A. The New York Life Insurance Co. transferred it to the Federal agency Wednesday for \$971,733.83 in Mutual Mortgage Insurance Fund long-term bonds. These were insurance payment on another \$1,000,000 F.H.A.-insured loan to the Kentucky Development Corp., promoters of the project, obtained from the New York Life Insurance Co. in 1937.

Improvements Are Planned At Green Tree

Million Borrowed By New Landlords

c 2 Oct 4, 1941

A substantial sum will be spent on improving Green Tree Manor, apartment project at Frankfort and Fenley Avenues, by its new owners, Green Tree Manor, Inc., it was announced Friday by Elbert S. Brigham, president of the National Life Insurance Company of Montpelier, Vt. The insurance company lent the manor's new owners \$1,000,000, taking an F.H.A.-insured mortgage as security.

Green Tree Manor, Inc., is a limited dividend corporation organized in Dover, Del., by A. Lloyd Goode of Charlotte, N. C., and associates.

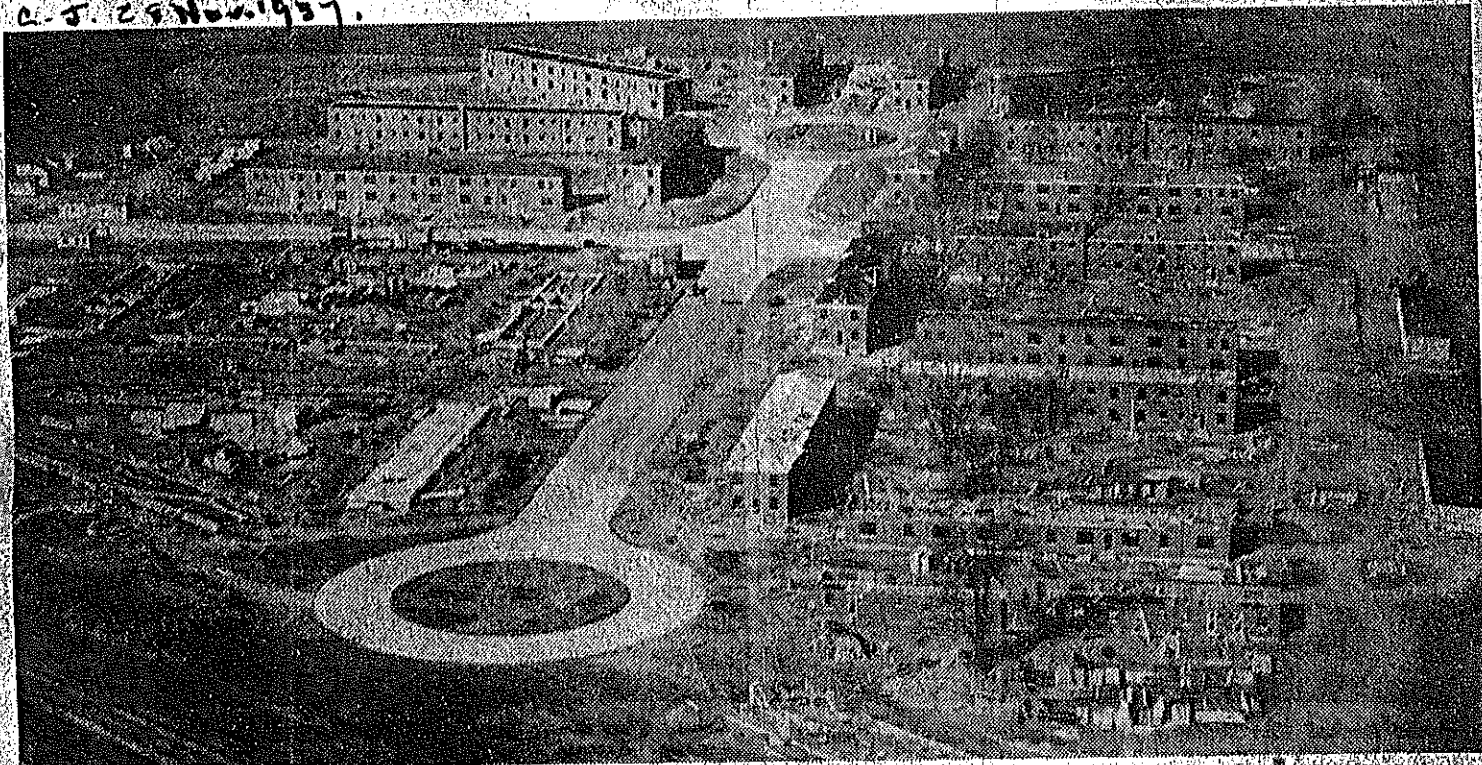
Confident In Ability.

Speaking of the new owners, Mr. Brigham said, "Based on our experience of several years with these people and their fine reputation, we have confidence in their ability to run the project successfully. We are lending \$5,119,000 on nine similar projects sponsored by this management and all six on which construction is completed have been successful."

"The present demand for housing in Louisville is reported to be very heavy and on October 1 Green Tree Manor Apartments were more than 99 per cent occupied."

Foundations for Green Tree Manor Completed

C-J. 25 Nov. 1937.



—(C-J, Airphoto by Fred W. Parker)

Foundation work for all twenty-five buildings comprising Green Tree Manor, \$1,500,000 apartment house development at Frankfort and Fenley Aves., was completed last week. Air view shows the buildings, looking north from Frankfort Ave. The apartments are privately financed, and are expected to be ready for occupancy in March.

When Uncle Sam Fixes the Rent They'll Move In

By HERMAN LANDAU.

C-J. 26 Nov. 1937.

UNCLE SAM has living quarters ready for 210 families at LaSalle Place, built at Dixie Highway and Algonquin Pkwy. at a cost of \$1,350,000, but he can't make up his mind how much rent to charge. Aside from that, the buildings are ready for occupancy, even to being equipped with ranges and refrigerators for each apartment.

The delay might result in lower rents at the outset for tenants accepted, Stuart W. Allen, district manager of the Public Works Administration's housing division, believes, because of setting up the United States Housing Authority under the Wagner-Steagall Act. The Housing Authority right now is working out a scale of rental charges for the Louisville apartments.

According to information received from Washington by Mr. Allen, who is in charge of both LaSalle Place and the housing project for Negro families, College Court, at 7th and Kentucky, the rental scale might be lower under the new set-up than it would have been under the George-

Healey Act, under which the housing projects were originally built. The present procedure is to have all housing developments not yet opened for occupancy to be rented at rates consistent with the provisions of the Wagner-Steagall Act, passed to provide minimum housing standards for families in low income levels. This takes in the two Louisville projects and similar developments at Lexington, Ky., and in Memphis.

3,000 Visitors

In a six-week period during which a typical apartment was furnished and kept open for inspection, 3,000 persons visited LaSalle Place. Already 988 persons have filed applications to rent 210 apartments, even though the rental schedules have not been determined.

Mr. Allen said trained workers are now investigating the families who have applied for space to determine their qualifications. He said he can have persons moved in within a week after rental rates are set.

Applications for quarters will be checked on the basis of each family's income, whether that family is now occupying substandard or crowded housing, what type of section it now lives in, the